

# **Oversight Board of the Successor Agency to the South Pasadena CRA**

MEETING DATE: February 26, 2014

FROM: David Batt, Finance Director  
Lucy Kbjian, Executive Assistant to City Manager

SUBJECT: **Resolution Approving the Fiscal Year 2014-15 Administrative Budget for the Successor Agency**

## **Recommendation:**

It is recommended that Oversight Board approve by resolution, the Successor Agency's Administrative Budget for the period of July 1, 2014 – June 30, 2015.

## **Background:**

AB XI 26 requires that the Successor Agency adopt an Administrative Budget to be approved by the Oversight Board and submitted to the Department of Finance (DOF). Successor agencies are entitled to an administrative allowance, subject to approval of the Oversight Board. The administrative allowance is up to five percent (5%) of the eligible property tax allocated to the Successor Agency for FY 2013-14 and three percent (3%) each year thereafter. The amount shall not be less than \$250,000 for any fiscal year unless agreed to by the Successor Agency.

## **Analysis:**

On February 19, 2014, the Successor Agency reviewed and approved the Successor Agency's administrative budget for the period of July 1, 2014 - June 30, 2015, in the amount of \$250,000. The Oversight Board must now approve the Successor Agency's Administrative budget with the attached resolution. Staff may administratively amend the Administrative Budget in order to remove therefrom line items which are subsequently disapproved by the Oversight Board and/or the DOF and also to make corresponding adjustments based on changes to the Recognized Obligation Payment Schedule (ROPS), provided, however, that none of such authorization, removal or adjustment shall be deemed to be, nor are they intended as, an acknowledgment of the validity of AB XI 26 and AB 1484 or such action by the Oversight Board and/or the DOF. The Successor Agency reserves all rights of the Successor Agency to challenge the validity and/or application of any or all provisions of AB XI 26 and AB 1484 in any administrative or judicial proceeding, without prejudice to the Successor Agency's right to list any such removed item on this or a future ROPS. The Successor Agency reserves the right to pursue any and all appeals and any available legal or equitable remedy provided or available by law to obtain the correction of any erroneous decision regarding the ROPS.

## **Fiscal Impact:**

If the Successor Agency does not comply with certain provisions of AB 1484, the Department of

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Approval of FY 2014-15 Administrative Budget

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Finance and the Los Angeles County Auditor have the exclusive authority to withhold future Sales Tax and Property Tax payments to the City of South Pasadena. In addition, AB 1484 imposes a \$10,000 per day penalty if a Successor Agency does not submit its ROPS on time, regardless of the reason or entity withholding approval.

Attachment: Oversight Board Resolution Approving the Successor Agency's Administrative Budget for Fiscal Year 2014-15

**OVERSIGHT BOARD  
RESOLUTION NO. 2014-02**

**A RESOLUTION OF THE OVERSIGHT BOARD  
OF THE SUCCESSOR AGENCY TO THE  
COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF SOUTH PASADENA, CALIFORNIA,  
APPROVING AN ADMINISTRATIVE BUDGET  
FOR THE SUCCESSOR AGENCY FOR THE PERIOD  
OF JULY, 2014 - JUNE, 2015**

**WHEREAS**, AB X1 26 and AB 1484 require the Oversight Board of the Successor Agency to the South Pasadena Community Redevelopment Agency ("Oversight Board") to approve an Administrative Budget for the period of July 1, 2014 through June 30, 2015; and

**WHEREAS**, pursuant to AB X1 26 and AB 1484, on February 19, 2014, the Successor Agency Board of Directors examined the budget and found that it is a sound plan for the operations of the Successor Agency and has approved the Administrative Budget attached hereto as Exhibit "A;" and

**WHEREAS**, pursuant to Health and Safety Code, Section 34177(k), upon approval of the Administrative Budget by the Oversight Board, the Successor Agency is required to provide administrative cost estimates, from the approved administrative budgets, that are to be paid from property tax revenue deposited in the Redevelopment Property Tax Trust Fund to the Los Angeles County Auditor-Controller for each fiscal period covered by the administrative budget; and

**WHEREAS**, the Oversight Board has examined the budget and finds that it is a sound plan for the operations of the Successor Agency.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR  
AGENCY TO THE SOUTH PASADENA COMMUNITY REDEVELOPMENT  
AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The Oversight Board has studied the Successor Agency's Administrative Budget and finds that it is a sound plan for the operations of the Successor Agency, and the Administrative Budget is hereby approved and adopted in substantially the form attached hereto as Exhibit "A" and made a part hereof as required by Health and Safety Code Section 34177.

**SECTION 2.** Successor Agency staff is hereby authorized to administratively amend the Administrative Budget in order to remove therefrom line items that may be subsequently disapproved by the Oversight Board and/or the California Department of Finance and also to make corresponding adjustments based on changes to the Recognized

Obligation Payment Schedule (“ROPS”), provided, however, that none of such authorization, removal or adjustment shall be deemed to be, nor are they intended as, an acknowledgment of the validity of AB X1 26 and AB 1484 or such action by the Oversight Board and/or the California Department of Finance.

**SECTION 3.** The Executive Director of the Successor Agency is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the proposed administrative budget, including submitting the approved Administrative Budget to the Los Angeles County Auditor-Controller, and any other relevant governmental entity. In addition, the Oversight Board further authorizes and directs the Successor Agency staff to make such non-substantive revisions to the Administrative Budget as may be necessary to submit the Administrative Budget, and the Administrative Budget as so modified shall thereupon constitute the Administrative Budget as approved by the Oversight Board pursuant to this Resolution.

**PASSED, APPROVED and ADOPTED** at a Special Meeting of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of South Pasadena held this 26<sup>th</sup> day of February, 2014, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

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Gary E. Pia, Oversight Board Chairperson

**ATTEST:**

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Lucy Kbjian, Oversight Board Secretary

EXHIBIT A

Administrative Budget -- Paid from Administrative Cost Allowance -- ROPS Line 2

|                       | Total FY 15 | ROPS 14-15A | ROPS 14-15B |
|-----------------------|-------------|-------------|-------------|
| Salaries              | 156,580.00  | 78,290.00   | 78,290.00   |
| Benefits              | 45,420.00   | 22,710.00   | 22,710.00   |
| Legal Services *      | 0.00        | 0.00        | 0.00        |
| Special Dept. Expense |             |             |             |
| **                    | 48,000.00   | 24,000.00   | 24,000.00   |
| <hr/>                 |             |             |             |
| Total                 | 250,000.00  | 125,000.00  | 125,000.00  |

\* Legal Services Expenses included with Special Dept. Expense per DOF  
\*\* Includes Overhead, Legal, Professional and Other Contract Services